

Deferral Account Report

Introduction

On April 4, 2017, the OEB issued an order under case number EB-2017-0153 (the “Order”) granting Algoma Power Inc. (“API”) an interim electricity distribution licence (the “Licence”) to operate the electricity distribution system in the Town of Dubreuilville. The Order also required Dubreuil Lumber Inc. (“DLI”) to surrender possession and control of the electricity distribution system to API. With respect to costs, the Order required API to record revenues collected from customers within the service area of DLI and the costs of operation and maintenance of the system in a deferral account under the Uniform System of Accounts (the “Deferral Account”).

The OEB has issued further decisions and orders, most recently extending the Licence to October 3, 2018, in its decision and order in EB-2018-0136, dated April 3, 2018. The purpose of this report is to comply with Section 1(d) of the April 3, 2018 decision and order, which requires that API provide the OEB with a report on the amounts in the Deferral Account. The amounts reported reflect operating and maintenance costs to March 31, 2018, as well as revenue associated with consumption up to and including March 2018.

Amounts Recorded in Deferral Account

API has recorded a total of \$538,701 in operating and maintenance costs from April 4, 2017 to Mar 31, 2018. In tracking operating and maintenance costs, API has established ten categories for tracking and reporting purposes, as outlined in Table 1 below.

Beginning with May 2017 consumption, API has performed all meter reading, billing and collection functions in respect of DLI customers. The billed revenue summary provided in Table 1 corresponds to May 2017 to March 2018 consumption, with associated invoices issued in June 2017 to April 2018.

In the report filed January 31, 2018 (EB-2017-0303), API indicated that because of actual system losses significantly in excess of the loss factor used for billing, DLI’s net cost of power exceeded the amounts billed to DLI customers, resulting in a net receivable of approximately \$8k.

API undertook extensive efforts in 2017 to address unmetered loads and to correct the configuration and billing of complex metering installation associated with large accounts. As a result of these efforts, API confirms that system losses in 2018 have been reduced to more reasonable levels, as shown in Table 2. The billed revenue from DLI customers now exceeds DLI’s net cost of power, and the previous cost of power receivable of approximately \$8k has become a credit of approximately \$64k.

Table 1 – Cost and Revenue in Deferral Account

Description of Costs	Costs to Mar 31, 2018
Transfer of Control and Process Development	53,454
Outage and Emergency Response	73,179
Meter Reading	62,226
Condition Assessments, Audits, and Reporting	112,869
Customer Service and Community Relations	17,027
Billing	25,705
Collections	456
Supervisory and Administrative Support	8,486
Safety, Environmental and Regulatory Compliance	23,054
Bypass Project	162,246
<i>Subtotal - Operating and Maintenance</i>	<i>538,701</i>
Billed Revenue and Cost of Power	Consumption to March 2018
DLI - Residential Billed	(548,534)
DLI - Commercial Billed	(305,639)
DLI - Cost of Power (Billed from API)	962,618
DLI - Former Form 1598 Settlement Amounts	(172,376)
<i>Subtotal - Cost of Power</i>	<i>(63,930)</i>
Total	474,771

Table 2 – DLI Loss Factor Analysis

	Nov 29 - Dec 20	Dec 21 - Jan 30	Jan 31 - Feb 28	Mar 1 - Apr 2	TOTAL
			<i>kWh's</i>		
A DLI Customers Billed Consumption	585,752	1,249,585	922,041	921,729	3,679,108
B Billing loss factor	1.080783	1.080783	1.080783	1.080783	1.080783
C = A/B Downlifted consumption	541,970	1,156,185	853,124	852,835	3,404,114
D DLI Delivery Point Meterd Consumption	634,353	1,339,415	896,739	886,505	3,757,012
E = D/C DLI System Loss Factor	1.17	1.16	1.05	1.04	1.10